

# WEEKLY ANALYSIS

M. Alain Freymond—Partner & CIO



## FURTHER RISE IN COMMODITY PRICES IN 2024

Crude oil prices could rise by +10% to +15% in 2024. Potential rebound in natural gas prices from \$1.5 to \$2.5 MMBtu. Target of \$32 to \$35 per ounce for silver not unrealistic. Promising trend reversal for industrial metals.

### Key points



- Further rise in commodity prices in 2024
- Crude oil prices could rise by +10% to +15% in 2024
- Potential rebound in natural gas prices from \$1.5 to \$2.5 MMBtu
- Investment demand has yet to boost gold prices
- Silver's target of \$32 to \$35 an ounce is not unrealistic
- Platinum and palladium closely linked to a recovery in the automotive sector
- Promising trend reversal for industrial metals
- Energy transition to support copper prices
- Towards the disappearance of surplus aluminium production

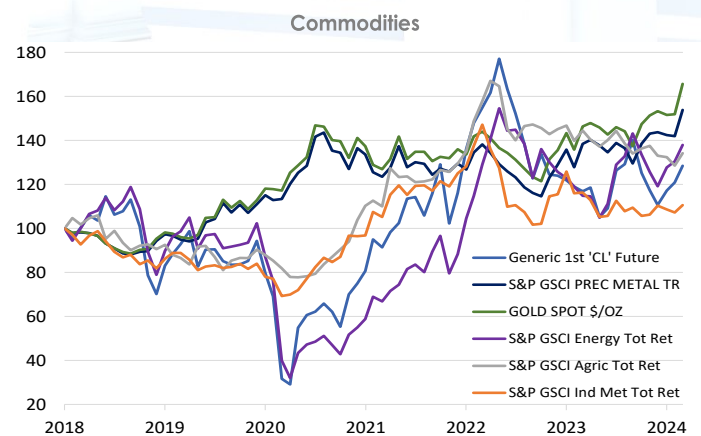
### Further rise in commodity prices in 2024

When it comes to recent fluctuations in commodities, one quarter follows another, and they're not at all alike. Indeed, after a last quarter of 2023 marked by profit-taking and a -10.73% drop in the S&P Goldman Sachs Commodities Index, the 1st quarter saw the complete opposite take shape, with an increase of +10.36%. As in Q3 2023 (+15.98%), commodities once again benefited from the rise in oil prices (+16.08%) above all, but also from gold prices (+7.03%). The volatility of crude oil prices has been relatively high, judging by trends over the last three quarters (+28.52%, -21.08% and 16.08%), while the trend was much clearer for gold (-3.68%, +11.6% and +7.03%). Over the last three quarters, the overall rise in commodities has taken place in an ultimately positive context for the trade-weighted dollar, which edged up by +1.53% over nine months (+3.17%, -4.56% and +3.11%). While the first few months of 2024 have certainly been weak economically in the European Union, the United Kingdom and Japan in particular,

our expectations for national GDP growth in the coming quarters are more positive and are based on a dynamic still close to +2% in the USA and on a moderate upturn in activity in Europe after a short phase of economic stagnation.

The outlook for global growth is therefore favorable, and in excess of +3% in 2024, although this estimate could be raised further depending on the reaction of developed and emerging economies to the next phase of coordinated key-rate cuts. Asia, and China in particular, will benefit from improved economic conditions in industrialized countries, which should enable their foreign demand to strengthen. After a long wait for economic recovery in China, it is now likely that the economy is gaining momentum and revitalizing itself.

Commodities will be favorably impacted by this acceleration of growth in China, which will necessarily have an impact on demand for commodities. China's recovery is likely to be one of the main factors behind renewed upward pressure on crude oil prices and industrial metals in particular. We believe that commodities will benefit in 2024 from a strengthening of demand and upward price trends in the three main segments (energy, precious metals and industrial metals).



Sources: Bloomberg, BBGI Group SA